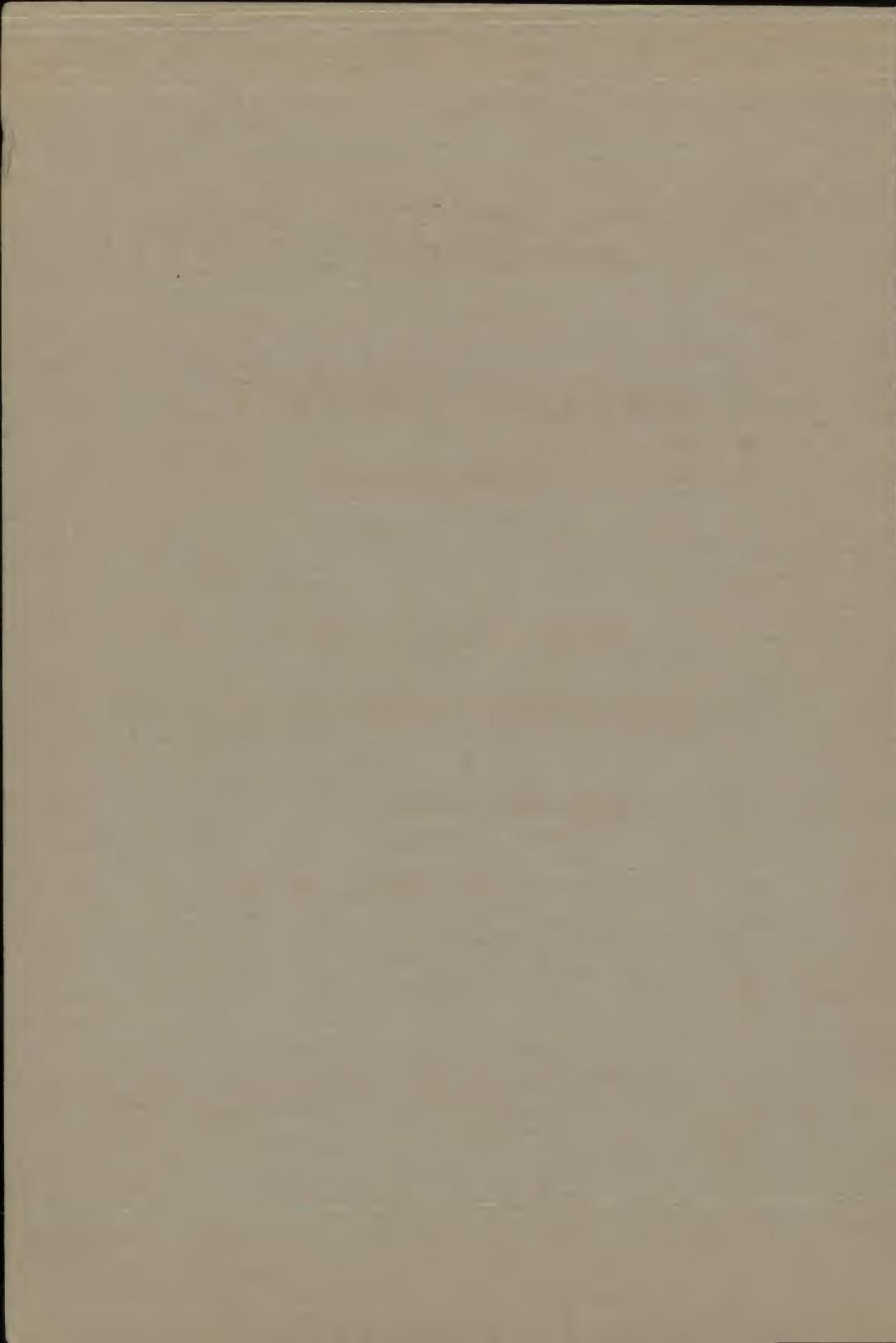


THE GOODYEAR TIRE
& RUBBER COMPANY
OF CANADA, LIMITED

NEW TORONTO, CANADA

GOOD  YEAR
MADE IN CANADA

ANNUAL REPORT
1926



The Goodyear Tire & Rubber Company
of Canada, Limited

ANNUAL REPORT

TO THE SHAREHOLDERS

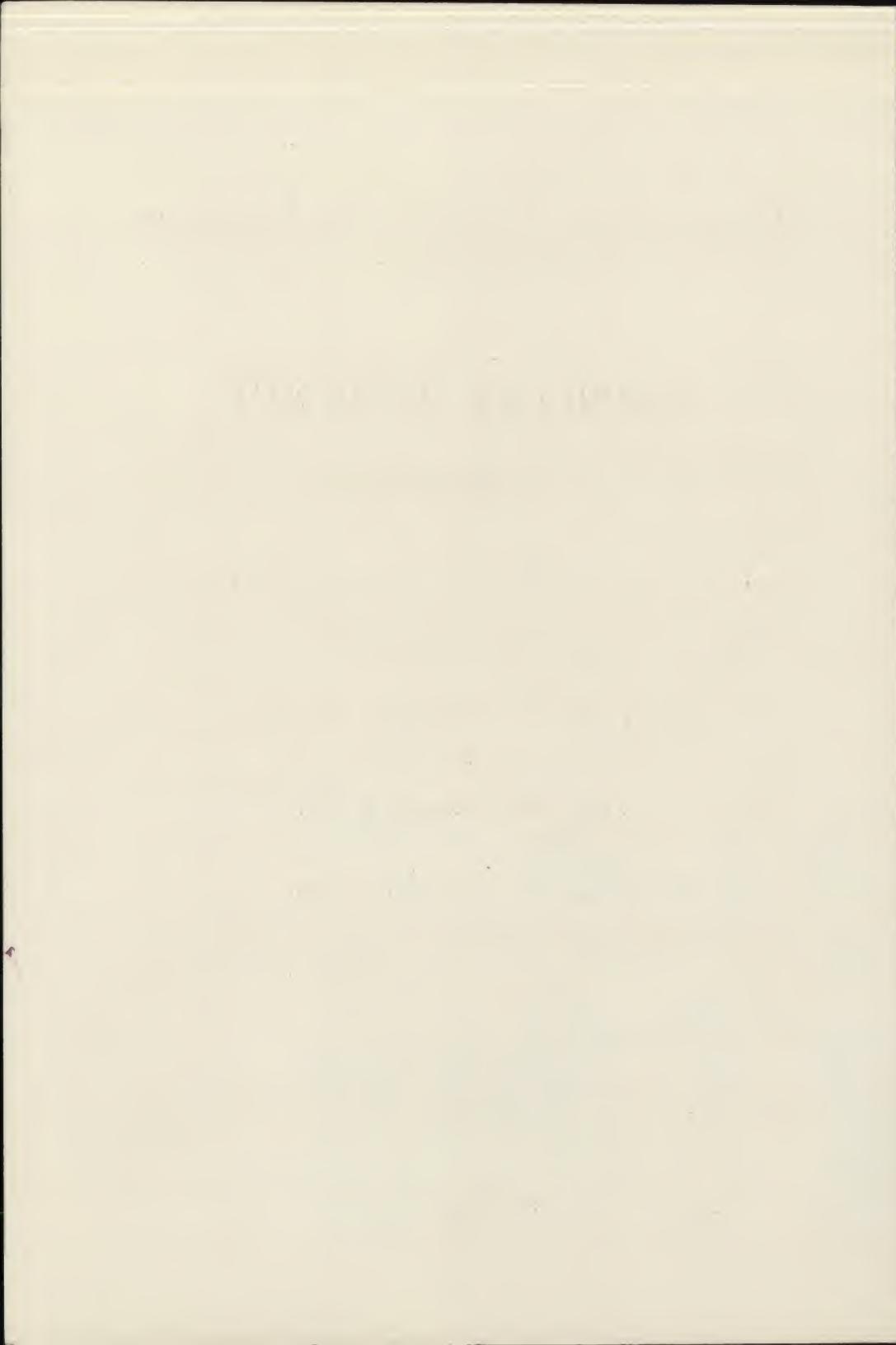
Upon the Examination of the Books and Accounts

by

Price, Waterhouse & Co.
Chartered Accountants

For the Fiscal Year ending September 30th, 1926.

New Toronto, Ont.



ANNUAL REPORT OF THE DIRECTORS
OF
The Goodyear Tire and Rubber Company
of Canada, Limited

1924-32 2113 HG

Toronto, October 23rd, 1926.

To The Shareholders:

The balance sheet herein submitted sets out the results from operations of the past fiscal year. After providing for all manufacturing, selling and administrative expenses and for income taxes, the profits for the year were \$2,246,640.89. From this amount there has been set aside \$589,275.58 for depreciation of buildings, plant and equipment, leaving a net profit of \$1,657,365.31.

Owing to the late returns, we have not had sufficient time to ascertain the export profits for the months of August and September, therefore, they are not included in this statement. The following summary shows the distribution of the profits for the year:

Expenditures on Additions to Plant and Equipment (net)	\$ 451,757.67
Deferred Dividends on Preferred Stock Paid	157,500.00
Current Dividends on Prior Preference and Preferred Stocks Paid	521,988.00
Investments and Accrued Earnings in subsidiary Companies	66,782.93
Increase in Working Capital	1,048,612.29
	<hr/>
	\$2,246,640.89

On previous statements you have noticed an item of reserve for contingencies, of \$175,311.87. This amount was set up to provide for a loss on a power contract made with the Toronto Power Company in 1919, which claim has been settled for considerably less than the reserve provided, and the balance of this reserve has been credited to your plant investment.

You may be interested in some of the improvements that have taken place in your Company during the last five years. Your net investment in property and plant has increased \$989,806.60. Your working capital has grown by \$3,069,334.42, and stands

at the close of business September 30th, at \$6,118,746.35. The disbursement of dividends during the same period to the Prior Preference and Preferred shareholders amounted to \$2,834,760.81.

These substantial amounts, which aggregate \$6,893,901.83 have been provided solely from earnings of the Company, therefore your Company is not incumbered with any form of fixed indebtedness, nor has it issued additional capital stock.

The accumulated undivided surplus at the close of the fiscal year amounts to \$3,105,025.61; the reserve for depreciation on plant and equipment is \$2,455,892.63, making an accumulated reserve and surplus of \$5,560,918.24. We might add that from time to time, and especially this year, considerable amounts have been written off for obsolescence, and your property to-day is absolutely free from obsolete equipment. Your inventories are low considering our volume of business. The finished stocks on hand represent, not to exceed, five weeks sales requirements. The inventories are free from slow moving and defective stocks.

The profits for the year are equivalent to three and 1/5 times the annual dividend requirements for the Prior Preference and Preferred stocks, and are \$607,924.94 in excess of last year's profits. After providing for these dividends there remains from the profits of the past year \$1,135,377.00, which is at the rate of \$21.29 per share of Common stock outstanding. Our cash position at the close of the fiscal year was \$1,037,463.90. Your Company has no Bank indebtedness nor obligations of any kind, excepting bills not due for discount.

During the entire year we operated on a constantly declining rubber market, the market receding from a high point of \$1.14 per pound to a low point of 37 1/2 cents. The weather conditions throughout the motoring season have been exceedingly bad and thereby, materially lessened the consumption of tire mileage.

It might be assumed from the favorable results of the year just closed, and from the consistent earnings of the company since its inception, that we are taking an undue profit. The reverse is true, as our profits on sales before providing for dividends are only 6.46%, which is a very small return for any manufacturing industry. By rapid turnover and economy in operating, we have been able to sell to the Canadian public at a very reasonable price, especially as compared with the prices in the United States, where they have practically all of their material and equipment duty

free; have no sales tax, whereas Canada has a 5% tax. They have a more advantageous climate, and owing to their large population and smaller area, the cost of distribution is materially less. Our sales for the year have been the largest in the history of the Company, totaling about \$26,000,000.

Your Company has stability in its distribution of product; its domestic business is well proportioned between dealers and manufacturers; it enjoys a substantial foreign business, and is now selling on a profitable basis in 85 Countries. Your foreign trade is a balance to your production and keeps your plants operating close to capacity throughout the year.

About April 1st, your Company purchased all of the Common stock of the Goodyear Cotton Company of Canada Limited, at St. Hyacinthe, Quebec. The Goodyear Cotton Company was formed for the purpose of buying and operating the Manhasset mill. This mill is practically new and stood on the books of the company at \$1,475,336.89; its equipment included over 15,000 spindles. The Goodyear Cotton Company purchased the mill for \$775,000, paying for same in bonds and stocks, viz: \$300,000 of 6% bonds at par, redeemable at par, and the balance in 7% Preferred stock at par, redeemable at par. Additional equipment has been installed, making the total number of spindles in excess of 20,000. This mill is competing with the lowest competitive markets and making a good profit. All profits from the mill, after paying interest on the bonds and dividends on the Preferred stock, amounting to \$51,250 revert to your Company. Besides the revenue derived, it gives your Company a superior grade of fabric, which will be favorably reflected in the product of your Company.

The Board of Directors and the Officials of your Company appreciate the support, the confidence and encouragement given at all times by the shareholders, of which 2,540 out of a total of 2,820 reside in Canada. We enter the present year well equipped for any conditions that may arise during the year.

Yours respectfully,
C. H. CARLISLE,
President and General Manager.

THE GOODYEAR TIRE & RUBBER

BALANCE SHEET

ASSETS

REAL ESTATE, BUILDINGS, PLANT,
MACHINERY AND EQUIPMENT: \$ 7,858,388.96

INVESTMENTS IN AND ACCRUED EARNINGS
OF SUBSIDIARY COMPANIES: 66,782.93

CURRENT AND WORKING ASSETS:

Inventories:

Stocks on hand—

Raw Materials and

Supplies \$ 1,127,884.26

Goods in Process 490,521.05

Finished Goods 2,446,740.54

————— \$ 4,065,145.85

Accounts Receivable:

Customers \$ 2,181,870.42

Miscellaneous 183,371.02

————— \$ 2,365,241.44

Less—Reserve for Bad
and Doubtful Accounts 82,066.16

————— 2,283,175.28

Cash:

In Banks \$ 916,378.77

On Hand and in transit
from branches 121,084.73 1,037,463.50

————— 7,385,784.63

DEFERRED CHARGES TO OPERATIONS:

Insurance, taxes and rents paid in advance

58,498.81

————— \$15,369,455.33

COMPANY OF CANADA, LIMITED

SEPTEMBER 30th, 1926

LIABILITIES

CAPITAL STOCK:

Six per cent. Cumulative Prior Preference Stock:

Authorized	— 45,000 shares of \$100.00 each	\$ 4,500,000.00
Issued	— 34,498 shares of \$100.00 each	\$3,449,800.00

Seven per cent. Cumulative Preferred Stock:

Authorized	— 150,000 shares of \$100.00 each	\$15,000,000.00
Issued	— 45,000 shares of \$100.00 each	4,500,000.00

Common Stock:

Authorized	— 150,000 shares of \$10.00 each	\$ 1,500,000.00
Issued	— 53,320 shares of \$10.00 each	533,200.00
		TOTAL CAPITAL
		\$8,483,000.00

CURRENT LIABILITIES:

Accounts payable	\$ 848,195.98
Misœllaneous	189,344.11
Dividends on Prior Preference and Preferred Stocks payable October 1st, 1926	287,997.00
	1,325,537.09

RESERVES:

For depreciation of buildings, plant, Machinery and Equipment	2,455,892.63
---	--------------

SURPLUS:

Balance at October 1st, 1925	\$ 2,127,148.30
Add—Profit for the year ending September 30th, 1926, before providing for depreciation, but after deducting income tax	\$2,246,640.89
Less—Reserve for Depreciation	589,275.58
	1,657,365.31
	\$ 3,784,513.61

Deduct—Dividends on Prior Preference and Preferred Stocks:

On account of arrears	\$ 157,500.00
Current year's dividends	521,988.00
	679,488.00
	3,105,025.61
	\$15,369,455.33

Note:—

Dividends on the Seven per cent. Preferred Stock are in arrears to the amount of \$78,750.00.

PRICE, WATERHOUSE & CO.

Chartered Accountants

ROYAL BANK BUILDING

TORONTO, CANADA

October 23rd, 1926.

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

We have examined the books and accounts of The Goodyear Tire and Rubber Company of Canada, Limited for the year ending 30th September, 1926.

We have satisfied ourselves that all charges to Property Accounts are in respect of actual additions, and sufficient provision has been made for accruing depreciation. The stocks on hand have been taken and valued by the Company at prices not in excess of cost or market; the bad debt reserve is considered sufficient to provide for all doubtful accounts; the bank balances were confirmed by certificates, and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at 30th September, 1926 are included in the Balance Sheet.

And we certify that the annexed Balance Sheet is drawn up so as to show the true financial position of the Company as of that date and the results from the operations for the year ending 30th September, 1926 according to the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.,

Auditors.

BOARD OF DIRECTORS

C. H. CARLISLE
TORONTO

C. B. McNAUGHT
TORONTO

E. G. WILMER
DETROIT

P. W. LITCHFIELD
AKRON

J. E. McALLISTER
TORONTO

P. A. THOMSON
MONTREAL

EXECUTIVE OFFICERS

C. H. CARLISLE
President and General Manager

C. B. McNAUGHT
Vice-President

J. G. LANE
Treasurer and
Acting Comptroller

R. C. BERKINSHAW
Secretary

W. H. JEEVES
Assistant Treasurer

H. A. TIPPLE
Assistant Secretary and
Assistant Comptroller

B. W. LANG
Assistant Comptroller

H. C. LOWER
General Sales Manager

E. H. KOKEN
Factory Superintendent

R. P. D. GRAHAM
Manager, Export Department

The Goodyear Tire & Rubber Company of Canada, Limited

General Offices: NEW TORONTO, ONT.

Factories: { BOWMANVILLE, ONT.
 NEW TORONTO, ONT.

VANCOUVER, B.C.	1004 Homer St.
CALGARY, ALTA.	335 8th Ave. West
EDMONTON, ALTA.	10229 105th St.
SASKATOON, SASK.	118 3rd Avenue South
REGINA, SASK.	Cor. Broad St. and 6th Ave.
WINNIPEG, MAN.	97 Higgins Ave.
FORT WILLIAM, ONT.	303 Simpson St.
LONDON, ONT.	318 Dundas St.
HAMILTON, ONT.	127 King St. West
TORONTO, ONT.	152 Simcoe St.
OTTAWA, ONT.	246 Queen St.
MONTREAL, QUE.	318 St. James St.
QUEBEC, QUE.	Cor. Crown and Fleury Sts.
ST. JOHN, N.B.	83 Prince William St.
HALIFAX, N.S.	84 Hollis Street

Wholesale Distributors at Victoria, B.C., Lethbridge,
Alta., and Walkerville, Ont.

Over Four Thousand Canadian Retail Dealers
carry stocks of Goodyear Made-in-Canada
Automobile Tires.

GOODYEAR PRODUCTS

TIRES:—Automobile, Truck, Motorcycle, Bicycle, Carriage.

TUBES:—Automobile (laminated) Regular and Heavy Tourist
Motorcycle (Endless and Butt End), Bicycle.

ACCESSORIES:—For all Pneumatic Type Tires and Tubes,
Tire Chains, Repair Fabric and Gum, Rims and
Parts, Rubber Cements, Tubing Vulcanizers' Supplies.

BELTING:—Conveyor, Elevator, Transmission, Miscellaneous.

HOSE:—Garden, Pneumatic Tool, Steam, Radiator, Suction,
Miscellaneous.

PACKINGS AND SHEETINGS:—Hydraulic, Piston, Good-
yearite, Asbestos Sheet Packing.

MISCELLANEOUS:—All kinds Rubber Mats and Matting,
Bumpers, Lathe Goods, Valves, Molded Goods of all
Descriptions, etc.

WINGFOOT RUBBER HEELS.

